



The Analyst

News Letter

Presented by:

Knovalt Corporate Advisors Private Limited
(formerly “KnP Partners”)

KNVALT

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GOOMO RAISES USD 50 MN (INR 325 Cr)

Goomo, a Mumbai based online travel & holiday booking platform, has raised USD 50 MN (INR 325 CR., Ex rate USD/INR 65) from Emerging India.

COVERFOX RAISES USD 15 MN (INR 97.5 Cr)

CoverFox, a Mumbai based online insurance brokerage platform, has raised USD 15 MN (INR 97.5 CR., Ex rate USD/INR 65) from Transamerica.

OLA CABS RAISES USD 50 MN (INR 325 Cr)

Ola Cabs, a Bangalore based cab aggregation mobile application, has raised USD 50 MN (INR 325 CR., Ex rate USD/INR 65) from Tekne Capital Management LLC.

MONEYTAP RAISES USD 12.3 MN (INR 80 Cr)

MoneyTap, a Bangalore based money lending platform, has raised USD 12.3 MN (INR 80 CR., Ex rate USD/INR 65) from Sequoia India, NEA, Prime Venture Partners.

OTHER UPDATES

- *Startup India Hub launched to bring all stakeholders to common platform*
- *US announces USD 7.5 million (INR 48.75 Cr) to advance India's power grid*
- *Small companies insolvency process slashed from 180 days to 90; Bankruptcy Board notifies provisions*
- *Government makes Aadhaar mandatory to apply for PAN from 1 July, 2017*
- *Tamil Nadu allots Rs. 505.03 Cr for upgrading highways in FY 2017-18*
- *The Cabinet Committee on Economic Affairs has given nod for four-laning of Rs 2,776 Cr road projects in Himachal Pradesh*
- *Union Government launched new bidding mechanism for mega oil and gas auction*
- *India & World bank have signed USD 35 million (INR 228 Cr) agreement to enhance efficiency in tax administration in Assam*
- *RBI has issued new batch of Rs. 500 notes with inset letter "A".*
- *India to provide USD 318 million (INR 2067 Cr) line of credit to Sri Lanka*
- *Top 1,000 Indian Companies Borrowed Rs. 1 Trillion in FY17*

➤ **Cabinet nod for setting up INR 2000 Cr start-up fund**

The Union Cabinet is expected to approve setting up of a INR 2,000 crore credit guarantee fund by July-end with a view to provide funding facilities to start-ups. As per Department of Industrial Policy and Promotion (DIPP) officials, the fund would be used to lend to start-ups without any collateral. The proposal was approved by the Finance Ministry in Mid June, 2017. Under this, INR 2000 crore will be disbursed over a period of three years. One start-up will get a maximum of Rs 5 crore (*approx.*). As per DIPP, since the launch of start-up India action plan in January 2016, INR 960 crore of funds were disbursed to different start-ups.

➤ **Banned old notes of Rs 500, Rs 1000 can be deposited by banks, post offices with RBI; deadline July 20, 2017**

The government has allowed banks and post offices to exchange old Rs 500, Rs 1,000 notes that are no longer in circulation with RBI within a month (by July 20th, 2017), only if these notes were collected by December 30th, 2016. District central cooperative banks have also been permitted to exchange these banned notes with the RBI by July 20, provided they collected the demonetised notes between November 10 and 14 last year. The decision comes as a relief, especially to cooperative banks located in remote areas that were allowed to take deposits or exchange the banned notes only for five days (upto November 14) last year following the announcement of demonetisation on November 8.

➤ **SEBI relaxes open offer norms, moves to discourage P-notes**

Any acquisition following resolution plans approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, would be exempt from an open offer. In a move that should facilitate the resolution of stressed assets, SEBI exempted new investors in stressed firms as also in some instances banks from making the mandatory open offer to minority shareholders under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The regulator also banned the issue of offshore derivative instruments against derivatives except on those used for hedging. Moreover, every subscriber to an ODI issued by a Foreign Portfolio Investor (FPI) will be charged a "regulatory fee" of USD 1,000 once in three years. The move is seen to be one that discourages the issue of participatory notes by foreign investors.

➤ **Union Cabinet gives in-principle approval for disinvestment of debt-laden Air India**

70 years old Air India, India's national airline will very soon be on sale. Union Finance Minister Shri Arun Jaitley announced in a press conference after meeting of Cabinet Committee on Economic Affairs that cabinet has given in-principle approval for disinvestment of debt-laden Air India. NITI Aayog had earlier strongly batted for disinvestment of Air India which got support from Shri Arun Jaitley.

Exchange rates
(as on 30th June, 2017)

S. NO	PARTICULARS	RATE
1	1 USD	64.73 INR
2	1 EURO	74.00 INR
3	1 POUND	84.25 INR
4	1 JAP YEN	00.57 INR

Bank rates
(as on 30th June, 2017)

S. No	NAME OF BANKS	MCLR <i>(Overnight – One year)</i>
1	ALLAHABAD BANK	8.00% - 8.50%
2	ANDHRA BANK	8.45% - 8.65%
3	BANK OF BARODA	8.10% - 8.35%
4	BANK OF INDIA	8.00% - 8.40%
5	BANK OF MAHARASHTRA	8.30% - 8.75%
6	CANARA BANK	8.10% - 8.40%
7	CENTRAL BANK OF INDIA	7.90% - 8.40%
8	CORPORATION BANK	8.15% - 8.75%
9	DENA BANK	8.20% - 8.55%
10	INDIAN BANK	8.15% - 8.50%
11	INDIAN OVERSEAS BANK	8.35% - 8.55%
12	ORIENTAL BANK OF COMMERCE	8.10% - 8.50%
13	PUNJAB AND SIND BANK	8.60% - 8.75%
14	PUNJAB NATIONAL BANK	8.05% - 8.35%
15	STATE BANK OF INDIA	7.75% - 8.00%
16	SYNDICATE BANK	8.30% - 8.75%
17	UCO BANK	8.15% - 8.60%
18	UNION BANK OF INDIA	7.90% - 8.40%
19	UNITED BANK OF INDIA	8.20% - 8.75%
20	VIJAYA BANK	8.35% - 8.65%
21	IDBI BANK	8.05% - 8.65%
22	ICICI BANK	7.85% - 8.20%
23	CITI BANK	7.95% - 8.20%
24	HDFC BANK	7.85% - 8.15%
25	KOTAK MAHINDRA BANK	7.75% - 8.65%

Reserve & Policy rates
(as on 30th June, 2017)
✓ RESERVES RATES

- CRR: 4 %
- SLR: 20.00%

✓ POLICY RATES

- Repo Rate: 6.25%
- Reverse Repo Rate: 6.00%
- Bank Rate: 6.50 %
- MSFR: 6.50 %

S. No	INDEX	31 st MAY, 2017	30 th JUNE, 2017	% CHANGE
1	SENSEX	31,145.80	30,921.61	-0.72 %
2	NIFTY	9,621.25	9,520.90	-1.04%
3	NIKKEI	19,650.57	20,033.43	1.95%
4	NASDAQ	6,198.52	6,140.42	-0.94%
5	KOSPI	2,347.38	2,391.79	1.89%

Employee Stock Option Plan (ESOP)

A tool to win your team



ESOP is a very important tool for the companies at growing stage to attract and retain quality employees fostering in them long term attitudes. This option gives such employees, officers or directors (*not being promoters*) right to purchase or subscribe the shares of a company at a future date at predetermined price. It is a tremendous motivator and can make employees highly involved in their respective jobs and focused on corporate performance.

This option can be granted to directors (*not being promoter*), officers or employees of following company:

- *Company*
- *Its holding company*
- *Its subsidiary company*

➤ Eligibility of employees who can avail this option:

Employees to whom ESOPs can be given as per section 62 (1)(b) and rule 12 of Companies (Share Capital and Debentures) Rules, 2014 includes the following:

- *Permanent employees of the company who has been working in India or outside India*
- *A director of the company (not being a promoter), whether whole time or part time but **not an independent director***
- *An employee as mentioned in a) and b) above of a subsidiary in India or outside India and of holding company of the company*

However the above mentioned employee doesn't include the following:

- *An employee who is a promoter or person belonging to promoter group.*
- *A director who either himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company.*
- *Director who is also **a promoter** of the company.*

• Promoter means a person:-

- ✓ Who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92; or
- ✓ Who has control over affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or
- ✓ In accordance with whose directions, advice or instructions the Board of Directors of the company is accustomed to act. Provided that nothing shall apply to a person who is merely acting in professional capacity

➤ Procedure for ESOP

- The procedure for ESOPs in private company starts with drafting the scheme of ESOP
- Convene Board meeting to approve the scheme of ESOP by passing board resolution.
- Call general meeting to get approval of shareholders for the proposed scheme, as approved by the Board, by passing special resolution.

However under ESOP, if share to be issued is equal to or more than 1 % of issued capital of company, separate resolutions is required to be passed by the shareholders.

- Company shall within 30 days of passing special resolutions, file **MGT-14** to ROC to intimate ROC of approval of scheme.
- After approval by shareholders of such scheme, option shall be granted to the employees.

➤ Terms for ESOP

- **Pricing:** Companies granting option to its employees pursuant to ESOP will have freedom to determine the exercise price in conformity with the applicable accounting policies.
- **Variation in term of ESOPs:** The company may vary the terms of ESOP not yet exercised by the employees provided such variation is not prejudicial to the interest of option holders.
- **Minimum period during which option is available:** There shall be minimum **1 year** period between grant of option and exercise of option.
- **Lock in period:** The Company shall have freedom to specify the lock in period. Lock in period is a period during which the shares cannot be traded.
- **Right to receive dividend:** the employees shall not have right to vote or dividend in such option till shares are issued on exercise of option.
- **Option not transferable:** The option granted to employees shall not be transferred to any person and neither it shall be pledged, encumbered, hypothecated or mortgaged.
- **Who can exercise the option:** only employees to whom option has been granted can exercise the option.
- **Register of ESOP:** The Company shall maintain register of ESOP in form **SH-6** containing therein the particulars regarding ESOPs.
- **Disclosure in Director's Report:** Following details shall be included by Board of Directors in Director's Report:
 - ✓ *Options granted*
 - ✓ *Options vested*
 - ✓ *Options exercised*
 - ✓ *Total number of shares arising as a result of operation*
 - ✓ *Options lapsed*
 - ✓ *Exercise price*
 - ✓ *Variations of terms of option*
 - ✓ *Employee wise details of option granted*
 - ✓ *As and when options are exercised, company shall file return of allotment in form **PAS-3** to ROC to intimate that shares has been issued to employees in respect of which of the option.*

For more information, you may visit our website: www.knovalt.com

Dear Readers,

*We are very happy to announce that K∩P Partners has now been converted into **Knovalt Corporate Advisors Private Limited**. Consequently, you will not see the name K∩P Partners in this monthly newsletter from now onwards. We would also like to inform you that this is the 12th edition, therefore, The Analyst has is now an year old. This is all because of your good wishes, support and guidance. We would like to Thank you for your constant support which act as a backbone for us. We hope you like reading this newsletter and it enhances your awareness and keep you updated. As we always say, we need your comments and observations on the newsletter to improve it constantly.*

Considering your requirements, comments and observations received from our various readers and professionals, we have now changed the format and content of The Analyst so that it becomes more useful for you. You will now see more news updates and analysis report from the next edition of The Analyst. Also, we will add a new sector specific page to give you insights of a particular sector.

You may also visit our website and give your comments on our various blogs. We would be very happy to receive your comments on our blogs too. To receive more updates on regular basis, you may also like our page on social websites. Web link of our social website pages are given in cover pages of this newsletter.

Happy reading...

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